



South Carolina Department of Insurance

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BEWARE OF FAKE INSURANCE

SOUTH CAROLINA INSURANCE DEPARTMENT FIGHTS FAKE INSURANCE

South Carolina consumers are being advised by the Director of Insurance, Ernst N. Csiszar to be careful when entering into insurance transactions for the first time with an unknown individual or insurance company. The National Association of Insurance Commissioners (NAIC) issued a press release on July 26, 2004 warning consumers that before signing anything or writing a check to **STOP** and **CALL** their state insurance department to **CONFIRM** if the individual or company is legitimate and licensed to do business in their state.

South Carolina consumers may contact the Department of Insurance with their questions or concerns:

- Telephone Consumer Services at 803-737-6180 or toll free 1-800-768-3467 **or**
- E-mail Consumer Services at CnsmMail@doi.state.sc.us

The Department has in placed an on-line service to assist consumers with identifying licensed individuals and companies. Consumers may visit the following website:
<https://www.doi.state.sc.us/Eng/Public/Static/DBSearch.asp>

Consumers are encouraged to read the following press release issued by the NAIC:

1. Insurance Commissioners Fight Fake Insurance

PR Newswire
July 26, 2004

National Association of Insurance Commissioners wants consumers to 'Stop. Call. Confirm' ... Frank W. Abagnale of 'Catch Me If You Can' serves as national spokesperson

KANSAS CITY, Mo., Jul 26, 2004 /PRNewswire via COMTEX/ -- Nobody likes to be scammed. But, unfortunately, fake insurance policies are on the rise in every line of insurance, with consumers footing the bills in unpaid claims.

Teresa Orr is the face of fake insurance. When her husband, Pete, a NASCAR driver, died of cancer in 2002, Teresa not only had to deal with the death of her husband, but unpaid medical bills as well. That's because an unlicensed insurance company failed to pay for his cancer treatment claims.

"Unfortunately, Teresa isn't alone. Just like counterfeit money, fake insurance may appear to be legitimate, but it is actually illegal and worthless," said National Association of Insurance Commissioners president Ernst Csiszar. "If you buy fake insurance, you'll pay premiums, but your claims won't be paid."

As part of the states' fight against the rise in fake insurance, Csiszar announced the launch of a nationwide awareness campaign that encourages consumers to "Stop. Call. Confirm." before buying insurance.

Frank W. Abagnale, the retired master forger whose story was told in the movie "Catch Me If You Can," serves as national spokesperson for the campaign and appears in television and radio public service announcements.

"In the area of fake health insurance alone, the General Accounting Office reported 144 fake health insurers nationwide sold bogus policies to more than 200,000 policyholders between 2000 and 2002, resulting in \$252 million in unpaid claims," said Csiszar. "This is simply unacceptable."

According to most states' laws, with very few exceptions, no insurance product can be sold by individual agents, brokers, or companies without the approval of the state insurance department. Fake insurance is any insurance plan intended to defraud consumers or businesses.

Everyone is at risk

"Fake insurance can touch anyone at any time with potentially disastrous results," said Abagnale, who now works with the FBI and top businesses on fraud prevention. "Frequent targets of unauthorized health insurance plans are older adults and small businesses or associations looking to reduce health insurance costs."

Fake insurance can be attractive because it's typically less expensive than legal policies. But that's because a fake policy does not provide sufficient -- if any -- coverage.

As a result of fake insurance policies, honest people and businesses are swindled, health is endangered, premiums stay high, and goods and services cost more.

Protecting yourself is easy

Csiszar recommends if you're not absolutely sure you're dealing with a reputable, licensed insurance provider, look for these three warning signs of fake insurance:

- Aggressive marketing and a high-pressure, "you must sign today," sales approach with lots of fine print and disclaimers
- Premiums that are 15 percent or more under the average price for comparable insurance products on the market
- Few coverage limitations

So, how can you protect yourself against fake insurance? The NAIC urges you to STOP ... CALL ... and CONFIRM before you buy insurance:

- STOP before signing anything or writing a check.
- CALL your state insurance department; contact information is available at <http://www.naic.org>.
- CONFIRM if the company is legitimate and licensed to do business in your state.

"If consumers will stop, call, and confirm before they buy insurance, they may save themselves the pain of unpaid claims," said Csiszar. "They also can help us track down and take action against the con artists who sell fake insurance."

About the NAIC

Headquartered in Kansas City, Mo., the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia, and four U.S. territories. The association's overriding objective is to protect consumers and to help maintain the financial stability of the insurance industry by offering financial, actuarial, legal, computer, research, market conduct, and economic expertise. Formed in 1871, it is the oldest association of state officials. For more information, visit NAIC on the Web at <http://www.naic.org>.

SOURCE National Association of Insurance Commissioners (NAIC)